



Washington, D.C. 20505

Executive Registry
DD/A Registry
76-5530

DD/A Registry

File

*Equip + supplies*

11/6/76

NOTE FOR: DDA


Jack:

With respect to our recent conversation in which I asked that you take a look at our imprest funds and authorities for expending cash, I wanted to send along to you the attached package and particularly the Director's note to me which breaks out as follows:

1. Read with interest.
2. It is my view that cash purchases should be used only rarely--and then carefully documented--perhaps the answer lies in raising the level of who approves!!

G.B. (11-1-76)

25X1A

  
E. H. Knoche

Attachment:  
ER 76/10319/1

SECRET

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Executive Registry

76-10319/2

Executive Registry

76-10319/1

*HANK*  
*Dead with it*  
*It is my view*  
*that cash purchases*  
*should be used*  
*only rarely*  
*and then carefully*  
*documented*  
*perhaps the*  
*answer lies*  
*in raising the*  
*level of who*  
*approves!!*  
*C/B*  
*11-1-76*

26 October 1976

NOTE FOR: Mr. Knoche

SUBJECT: Questions Raised by the Director About Agency Practices Regarding Cash Purchasing

25X1A  
25X1A

1. After reading the status report of 8 October on the [REDACTED] which mentioned that our employee [REDACTED] the Director asked you if the Agency makes cash purchases. He also commented that the report raised the question of Agency purchasing practices and asked if we use purchase orders or have any checks and balances.

2. In response to my request, Mike Malanick has provided the attached memorandum which outlines delegations of procurement authority to make cash purchases. His memorandum points out that there are 44 imprest funds which can be used for cash purchases up to \$1000 per line item. The attachment lists 12 other cash funds with limits ranging from \$2,000 - \$30,000. The ADDA points out that these funds are audited regularly both for shortages and for proper usage. Other purchasing is affected through the use of written contracts or purchase orders.

3. The point which I think bothered the Director--an Agency employee with ostensible authority using cash to obtain an item for non-official use that is otherwise unattainable--is not easily answered. As long as we engage in the practice of making cash purchases, there would seem to be some risk of abuse of an employee's apparent or actual authority. I do not see how we can eliminate this risk short of ending cash purchasing or establishing some system of confirmation of each order by the superior of the employee who places it. I do not think we can say this one case warrants any changes until all the facts have been developed.

E2 IMPDET  
CL BY [REDACTED]

SECRET

25X1A

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S E C R E T

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4. On a separate matter raised by the ADDA's memorandum I have asked Mr. Zellmer to explain why OD&E and the DDS&T need the authority to make such large cash purchases--\$20,000 and \$30,000 respectively.



25X1A

Assistant to the Deputy Director

Attachments:

1. DDA 76-5206
2. 8 Oct 76 Status Report

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S E C R E T

☒ UNCLASSIFIED

☐ INTERNAL

☐ CONFIDENTIAL

☐ SECRET

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## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

STATINTL

Delegation of Procurement Authority

FROM:

Michael J. Malanick  
ADDA

EXTENSION

NO. DDA 76-5206

DATE 20 October 1976

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

Assistant to the DDCI

10/26

JWC

2.

3.

DDCI

4.

5.

6.

7.

8.

9.

10.

11.

12.

13.

14.

15.

*George:*  
The seemingly large  
unspent funds in ODSE  
and DDST were set up  
to handle advances to  
employees to cover emergency  
situations.

STATINTL

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